



AD PUNCTUM

Autos & Mobility Industry Briefing -- 26th May to 31st May 2020

News is arranged by company and topic. Stories that apply to more than one company or topic are duplicated.

News about the major automakers

BMW (history)

- In talks with German unions to put together a package that, BMW hopes, will help trim the headcount by 5,000 people. ([Bloomberg](#))
- Unveiled a facelift for the BMW [5 Series](#) and [6 Series GT](#), plus the [Mini Countryman](#).

Daimler (history)

- Hot on the heels of the recently agreed fuel cell partnership between Daimler Trucks and Volvo trucks, Daimler signed a similar agreement with Rolls-Royce (the aero engine maker) for generator type systems. This is a new JV, although the Daimler-Volvo unit will be involved because it will produce the fuel cells. ([Daimler](#))

FCA (history)

- Breathed a sigh of relief as Moody's left FCA's rating unchanged. ([FCA](#))

Ford (history)

- Executives cryptically suggested that Ford and Rivian were working on a joint program. ([Green Car Reports](#))

Geely (includes Volvo) (history)

- Geely raised about \$840 million through a rights issue, selling about 6.1% of the firm (after enlargement). ([Geely](#))

General Motors (history)

- Said that production restart had gone smoothly and production was now being increased by bringing in extra shifts. Despite the upbeat tone, even at the higher level, production will be below pre-coronavirus levels. ([GM](#))
- GM's Cruise self-driving unit outlined the difficulty with simulating sensors so that AI can learn to drive in a virtual environment. The team's to do list suggest that whilst modelling real world interference is something they are concerned about, it isn't yet solved. ([GM](#))

Nissan and Mitsubishi (history)

- Nissan reported 2019/20 fiscal year revenue of 9.9 trillion JPY (about \$92 billion), down (15)% versus prior year. A net loss of (671) billion JPY (about \$(6) billion) compared to a profit of 319 billion JPY in 2018/19. Nissan's consolidated wholesales of 3.35 million units fell (16)% on a year-over-year basis, a weaker performance than overall retail sales of 4.9 million which fell (11)%. Nissan impaired assets by 522 billion JPY (about \$5 billion). The firm hopes that global industry will only decrease (15)% - (20)% in the next financial year. ([Nissan](#))
- Nissan unveiled its recovery plan, much of which had leaked in the weeks leading up to the announcement. Global capacity will be cut to 6 million units by 2023, and the straight time capacity will be 5.4 million -- closer to Nissan's

real sales rate than the circa 7 million units of capacity in place today. Nissan expects that plant utilisation will be at least 80%. Cuts will be across the board, with only two plants scheduled to shut -- Indonesia (already announced) and Barcelona, Spain. The brand will cull poor-performing products, with the value Datsun brand and smaller cars declared non-core. ([Nissan](#))

- Significance: Nissan's plan contains two colossal assumptions: firstly, that industry will recover in time to support the brand's volume ambitions; secondly, that despite reducing the portfolio, the market share will either grow or hold steady (depending on the market).
- The Renault-Nissan-Mitsubishi announced a (previously advertised) plan to simplify product engineering and reduce costs. The main elements are that the different brands will share much of the bodywork, not simply the underpinning components, and are likely to be made in the same factories. A secret formula will be used to decide which company has the lion's share of work for each product. There is a structure for technologies too. The partners believe that they could save 40% of the investment costs for a new model. ([Mitsubishi](#))
 - Significance: Whilst the claimed savings are substantial, and the template for this engineering relationship already exists at PSA (albeit with all brands owned by the same company), there is something of a disconnect. The 40% figure is in line with PSA's supposed savings by integrating Opel with the Peugeot and Citroën brands, but Renault and Nissan already claim lots of this through their fabled alliance synergies.
- Settled a case Nissan brought against an Indian regional government for failing to pay the level of incentives agreed when Nissan set up a plant there. Indications were that Nissan received \$185 million - \$240 million, around one third of the amount claimed. ([Reuters](#))

PSA (history)

- Apparently poised to confirm that Opel's Russelsheim plant will soon be allocated a new vehicle. It isn't all good news though: the site can reportedly expect redundancies in the powertrain manufacturing area and some insiders believe the product will simply offset the seemingly never-ending decline in Insignia volumes. ([Handelsblatt](#))

Renault (history)

- Renault unveiled a new plant aimed at saving €2 billion over the next three years, cutting about 15,000 employees of which 4,600 heads will be lost in France. On the production side, capacity will be cut by about (20)%; planned capacity increases won't go ahead; gearbox manufacturing will probably be hit and several French plants face periods of consultation and "reflection". Taking a leaf out of PSA's book, Renault seems minded to gut factories without shutting the gates, rather than closing the whole thing (although a couple of smaller plants are likely to go). By 2026, all Renault vehicles are planned to be on platforms with greater than 600,000 units per year.
- The French government said the state backed mega loan for Renault will not be signed off until the company satisfies labour unions that job cuts are needed -- and takes a dim view of factory closures. ([Reuters](#))
- Renault expects battery costs to fall below \$100 / kWh, thanks to sharing Nissan and Mitsubishi. ([Pres p.25](#))

Tesla (history)

- CEO Musk hit the first of a series of stock option milestones, netting him a cool \$800 million -- if he decides to cash in immediately. ([The Verge](#))

VW Group (history)

- Sources suggest that CEO Diess is on thin ice with his board and fighting off criticism from employee representatives and state shareholders may distract from a post-coronavirus recovery. ([FAZ](#))
- Audi is betting on a in-house effort named Artemis to accelerate the brand's efforts to bring technologically sophisticated electric vehicles to market, seeking a "highly efficient" electric car by 2024, and a network of services to offer alongside the vehicle. ([Audi](#)) Supposedly the aim is to out-Tesla Tesla, after internal VW group reviews have concluded that current electric products are competitive but missing that certain something. ([Manager Magazin](#))
- Announced that it had given board approval to three (previously announced) joint vehicle programs with Ford, the milestone indicates that the vehicles in question are commencing their (capital intensive) industrialisation. ([VW](#))
- Scania is cutting 5,000 jobs, with about 1,000 of these coming at head office. ([Scania](#))

- Launched a (previously announced) joint venture with consultancy CapGemini, called XL2, that will provide software engineering expertise for Audi. ([Audi](#))
- Audi launched a new initiative, starting in France, that allows buyers to make an online reservation for any new or used vehicle in dealer stock for €100. ([Audi](#))
- Confirming [earlier rumours](#), VW took a 26% stake in battery maker Guoxuan (Gotion) for €1.1 billion. At the same time, VW announced a deal to buy a 50% share in carmaker JAC and increase VW's control of the existing JV with JAC for electric vehicles to 75% (from 50%). The JAC investment is about €1 billion. ([VW](#))
- VW unveiled the Nivus, a small crossover aimed at value conscious buyers, mainly in Latin America. ([Autocar](#))
 - Significance: As with Renault's emerging market Kaptur, VW has decided that a low cost proposition shouldn't mean compromising on styling. Brands planning on selling boring, or tired, vehicle designs may need to change course (and some non-value vehicle programs may be getting nervous too).

Other

- **Rivian** appears to be planning a foray into vehicle insurance, according to job postings. ([TechCrunch](#))
- **BYD's** semiconductor business raised \$265 million ahead of a separate listing. ([Deal Street Asia](#))

News about other companies and trends ...

Economic / Political News

- **France** unveiled an €8 billion **stimulus** scheme for the automotive industry. It involves increased incentives to switch to electric vehicles and lowers the qualification criteria for an existing scheme that supported the scrapping of older, higher polluting, vehicles. President Emmanuel Macron wants his country to be the leading producer of electric cars -- hoping for one million per year to be built by 2025. Someone familiar with VW's plans, and Tesla's designs for a German factory, should probably tell him that he might not be setting his sights high enough. ([BBC](#))
- European manufacturers body **ACEA** suggested that the **EU** might want to stop issuing new emissions rules (which govern pollution levels), because rules forcing lower CO₂ / better fuel economy would improve fleet emissions as a by-product. ([ACEA](#))

Suppliers

- **Autoliv** reckons that production has recovered well in China, but that Europe is far less healthy with the firm calling the restart "low and unstable". It has already laid off 15% of global production staff. ([Autoliv](#))
- **ZF** has completed the acquisition of **WABCO**. ([ZF](#)) The champagne will probably remain on ice however, because the company is reportedly planning to cut 15,000 jobs worldwide. ([Reuters](#))
- **Continental** and **Pioneer** have teamed up to offer infotainment tailored to Asian markets. ([Continental](#))

Ride-Hailing, Car Sharing & Rental (history)

- Ride hailing firm **Ola** acquired electric scooter firm **Etergo**, seemingly to boost corporate knowledge and technology ahead of launching a range of electric two wheelers in 2021. ([Reuters](#))
- **Uber** says that if it had to classify drivers in California as employees, it would probably sack about 75% of them because so few currently work a 40-hour week. ([Uber](#))
- **Uber** was accused of being tin-eared to the woes of bicycle lovers everywhere after tens of thousands of bikes owned by Uber's Jump bicycle rental brand were scrapped because new owner **Lime** regarded them as technically inferior and surplus to requirements. Uber said "recycling" the bikes was easier than giving them away. ([The Verge](#))
- Mobile home rental firm **Cabana** raised \$3.5 million, with some of the money coming from the (independently wealthy) head of **Ford's** software arm. ([FINSMES](#))
- **BlaBlaCar** will integrate electric scooter rental service **Voi** on its platform. ([TechCrunch](#))
- **Advantage Rent A Car** filed for Chapter 11 bankruptcy. ([Auto Rental International](#))

Driverless / Autonomy (history)

- **Didi Chuxing** raised over \$500 million to spend on developing self-driving cars. ([Reuters](#))
- Self-driving car developer **Zoox** will reportedly be sold to **Amazon**, with the two parties said to be in detailed talks. The firm is notable because it has set out to create its own vehicle, in addition to the self-driving hardware and software and would possibly form a useful alternative to the larger vehicles Amazon plans to buy from Rivian. ([WSJ](#))
- **GM's** Cruise self-driving unit outlined the difficulty with simulating sensors so that AI can learn to drive in a virtual environment. The team's to do list suggests that whilst modelling real world interference is something they are concerned about, it isn't yet solved. ([GM](#))

Electrification (history)

- Battery supplier **CATL** plans to develop battery swapping services. ([Reuters](#))
- **Air Liquide** hopes that a new type of filling station, which can pump hydrogen more quickly, will encourage take-up of fuel cell cars. ([Green Car Reports](#))
- **Nio** says that it has undertaken 500,000 battery swaps since launch. Take-up varies; less than half of cars sold have ever visited such a facility. ([Inside EVs](#))
- **Renault** expects battery costs to fall below \$100 / kWh, thanks to sharing **Nissan** and **Mitsubishi**. ([Pres p.25](#))

Other

- Singaporean electric scooter rental firm **Beam** raised \$26 million. ([TechCrunch](#))